

LOBLAW COMPANIES LIMITED



1994

Annual Report

Howard Ross L.
of Management

MAY - 1 1995

ATLANTA
MCGILL UNIVER

CORPORATE PROFILE

Loblaw Companies Limited is Canada's largest retail and wholesale food distributor with operations across Canada and in the United States.

Loblaw strives to provide superior returns to its shareholders through a combination of share price appreciation and dividends. To this end, it follows certain fundamental principles. It concentrates on food retailing, reinvesting in and expanding its existing markets, being highly selective in acquisitions and continuing to invest in products and technology. Loblaw seeks long term, stable growth, taking managed operating risks from a strong balance sheet position.

Selling more groceries than any other company in Canada, Loblaw strives to improve its value standards continuously by offering a wide variety and selection of high quality, low priced food and related products in modern, conveniently located stores.

Loblaw Companies is one of the largest private employers in Canada with over 50,000 employees and it has a responsibility to provide fair wages and secure employment. This responsibility can best be met in a stable, low cost operating environment where all accept the need for continuous improvement in our ability to serve customers.

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About the Cover: Large modern stores with a variety of departments and services like the new Millwood location in Toronto, provide a convenient and pleasant one-stop shopping environment for everyday household needs.

FINANCIAL HIGHLIGHTS

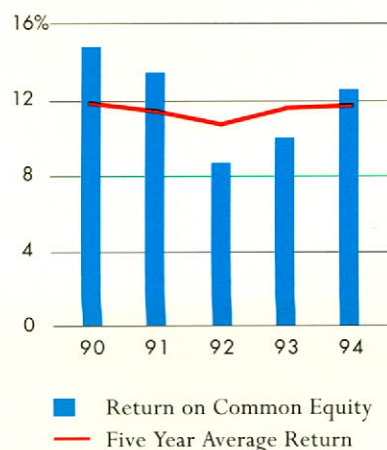
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	1994	1993	1992
Operating Results (\$ millions)			
Sales	10,000	9,356	9,262
Trading profit*	410	326	313
Operating income	272	200	193
Earnings before income taxes	210	149	125
Net earnings	127	93	80
Financial Position (\$ millions)			
Total debt	723	760	578
Total shareholders' equity	1,122	1,003	972
Total assets	2,947	2,743	2,474
Cash Flow (\$ millions)			
Cash flow from operations	329	282	273
Purchase of fixed assets	339	315	198
Per Common Share (dollars)			
Net earnings	1.51	1.07	.88
Cash flow from operations	4.05	3.44	3.34
Net book value	12.81	11.37	10.57
Actual dividends paid	.26	.24	.24
Year end dividend rate	.28	.24	.24
Price range - high	26 ¹ / ₂	24	20 ¹ / ₂
- low	19 ¹ / ₂	18 ¹ / ₂	16 ³ / ₈
Financial Ratios**			
Return on common equity	12.5%	9.7%	8.8%
Return on capital employed	16.9%	13.7%	14.0%
Return on sales			
Trading profit*	4.1%	3.5%	3.3%
Earnings before income taxes	2.1%	1.6%	1.3%
Net earnings	1.3%	1.0%	.9%
Cash flow from operations	3.3%	3.0%	3.0%
Interest coverage on total debt	4.4:1	3.9:1	3.3:1
Total debt to equity	.45:1	.46:1	.38:1

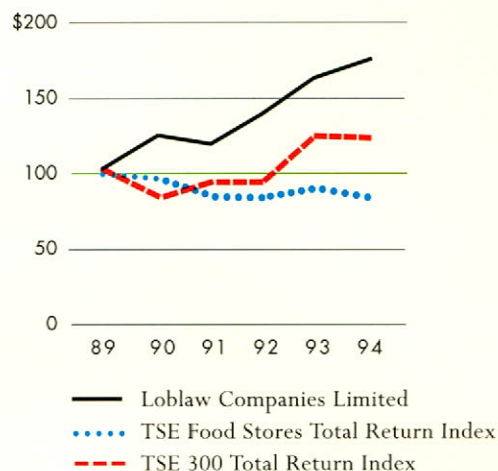
* Trading profit is defined as operating income before depreciation and amortization (EBITDA).

** For purposes of calculating financial ratios, debt is reduced by cash and short term investments.

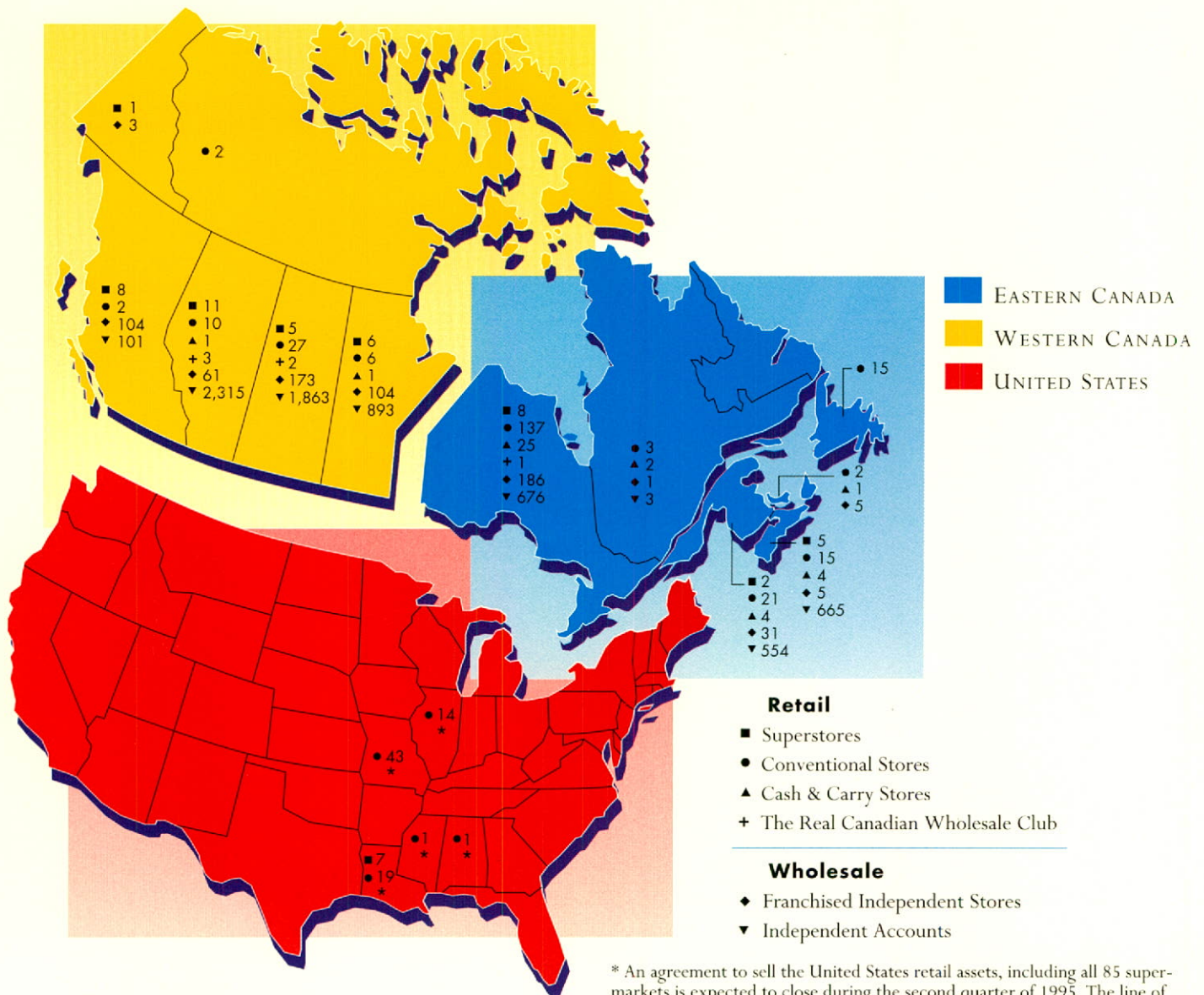
RETURN ON
COMMON EQUITY



FIVE YEAR TOTAL
COMMON SHAREHOLDERS' RETURN ON \$100
INVESTMENT WITH DIVIDENDS REINVESTED



GEOGRAPHIC DIVISIONS



* An agreement to sell the United States retail assets, including all 85 supermarkets is expected to close during the second quarter of 1995. The line of President's Choice™ products will continue to be actively marketed into select retail chains in 39 States and Bermuda.

(\$ millions)

SALES

1994 - \$10,000



OPERATING INCOME

1994 - \$272



TOTAL ASSETS

1994 - \$2,947



CAPITAL EXPENDITURES

1994 - \$339



EAST



62 Stores



7 Stores



2 Stores



7 Stores



50 Stores



26 Stores



15 Stores in Newfoundland



7 Stores



8 Stores

54 Stores are operated under various other banners including 34 Cash & Carry

Wholesale (franchise banners)



17 Stores



33 Stores



60 Stores



51 Stores



1 Store



40 Stores



17 Stores

WEST



32 Stores



41 Stores



6 Stores

13 Stores are operated under various other banners including 4 Cash & Carry

Wholesale (franchise banners)



92 Stores



47 Stores



10 Stores



305 Stores

U.S.A.



53 Stores



7 Stores



7 Stores



11 Stores



5 Stores

2 Stores are operated under other banners.

1994 Review

- Record earnings.
- Corporate same-store sales increase of 6% in Ontario.
- 19 stores opened.
- 8 Village stores acquired in the Maritimes.
- 22 corporate stores renovated and remodeled.
- Hasty Market convenience store business sold.
- Integration of the Ontario and Maritimes businesses completed.

- Record earnings.
- Wholesale profits up over 50% although sales decline due to strategic reduction of accounts.
- 5 Real Canadian Superstores, 4 Real Canadian Wholesale Clubs and 2 conventional stores opened.

- Improved sales and earnings following the 1993 strike.
- Expansion of National Market concept.
- Sale of United States assets negotiated.
- Private label programs in Wal-Mart and 17 United States grocery chains continue.

1995 Outlook

- 27 planned openings of corporate and franchised stores totalling 1.2 million sq.ft..
- Renovations/expansions of 12 corporate stores.
- More efficient and cost effective warehousing and distribution.
- Increased market share and improved operating earnings, particularly in the Maritimes.

- Planned openings of 2 Real Canadian Superstores and 3 Real Canadian Wholesale Clubs.
- Improved earnings.

- Sale of the retail business expected to close in second quarter.
- President's Choice™ products will continue to be actively marketed.

RETAIL and WHOLESALE OPERATIONS

Retail Operations	1994	
	Stores	Sq. Ft. (in millions)
Corporate Stores		
Beginning of year	388	13.7
Opened or acquired	48	2.3
Closed	(33)	(.5)
Franchised:		
Transfer to	(2)	(.1)
Transfer from	14	.2
End of year	415	15.6
Average store size (in thousands)		37.7
Analysis by size		
More than 60,000 sq. ft.	62	5.9
40,000 - 60,000 sq. ft.	83	4.0
20,000 - 39,999 sq. ft.	156	4.3
10,000 - 19,999 sq. ft.	75	1.1
Less than 10,000 sq. ft.	39	.3
	415	15.6
Retail Sales	\$7,374	
Annual average sales per gross sq. ft. (dollars)	\$502	

Wholesale Operations	1994	
	Stores	Sq. Ft. (in millions)
Franchised Independent Stores*		
Beginning of year	805	6.9
Opened	35	.3
Closed or sold	(155)	(.7)
Corporate:		
Transfer from	2	.1
Transfer to	(14)	(.2)
End of year	673	6.4
Warehouses	30	
Independent Accounts	7,070	
Wholesale Sales	\$2,626	

*Independently operated stores under franchise agreement with subsidiaries of Loblaw Companies Limited.

(\$ millions)

RETAIL AND WHOLESALE SALES

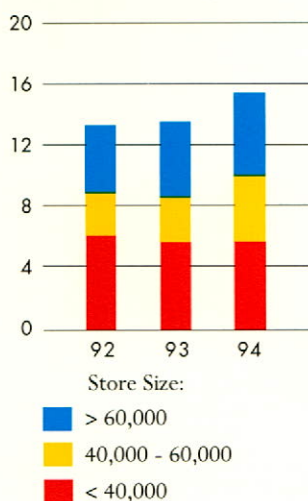
1994 - \$10,000



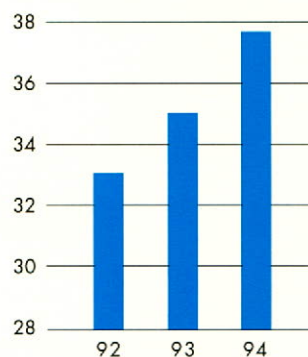
STORE ANALYSIS

Retail Operations

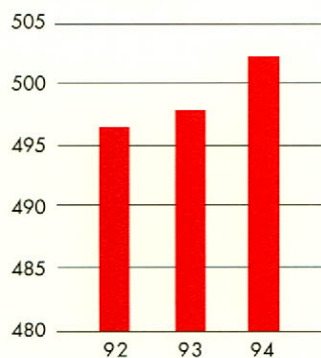
CORPORATE STORE
SQUARE FOOTAGE
(millions of sq.ft.)



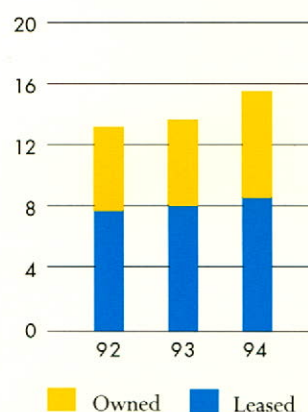
AVERAGE CORPORATE
STORE SIZE
(thousands of sq.ft.)



ANNUAL CORPORATE STORE
SALES PER SQUARE FOOT
(dollars)

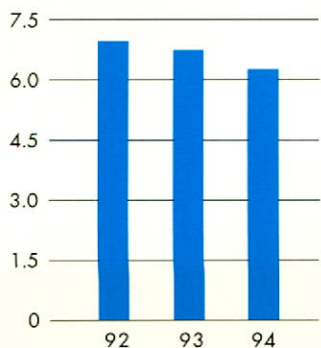


CORPORATE STORE
SQUARE FOOTAGE
OWNED VS. LEASED
(millions of sq.ft.)

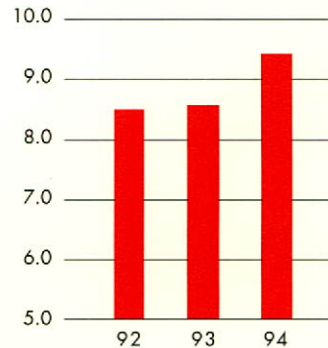


Wholesale Operations

FRANCHISE STORE
SQUARE FOOTAGE
(millions of sq.ft.)

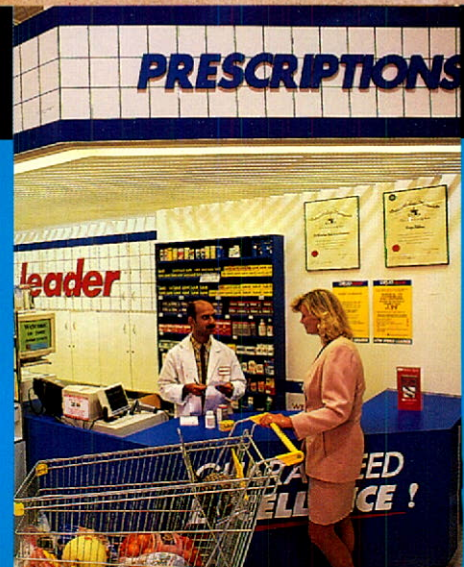


AVERAGE FRANCHISE
STORE SIZE
(thousands of sq.ft.)





In-store pharmacies provide exceptional value on personal health and beauty care needs as well as the services of an on-staff pharmacist.





In last year's Report to Shareholders, we noted that "for 1994 and beyond, we expect earnings increases and a strong performance . . .".

In 1994, these expectations were realized.

Net earnings for the year were \$126.7 million and \$1.51 per common share compared to \$93.4 million and \$1.07 per common share in 1993. This represented an increase of 35.7 percent in net earnings and 41.1 percent in earnings per common share, as the earnings per share leverage from buying back preferred shares in 1993 became increasingly apparent.

From a pure trading perspective, what we have for years called "trading profit" and what today is more commonly known as EBITDA, it was a milestone year in 1994, with trading profit at \$410 million exceeding the \$400 million mark for the first time.

Sales increased by 6.9 percent to \$10.000 billion from \$9.356 billion in 1993. Sales growth is always affected by a number of positive and negative factors, many of which are one-time in nature. In 1994, they included the absence of the United States strike, the absence of sustained price wars anywhere in the business, the short term benefit of a competitor's strike in Ontario early in the year and the negative effects of the Western Canada wholesale account rationalization. What is important is that sales are strong in the key markets, i.e. in Ontario, in Alberta and in our new, converted and remodelled stores throughout the country.

We have competed effectively for some time and from coast to coast with traditional supermarket operators and latterly with alternative formats selling food (warehouse clubs, discount drug stores and mass merchandisers). With our present capital investment program (\$339 million in 1994; \$315 million in 1993) and a further \$291 million planned for investment in 1995, along with the strength of our unique product programs, President's Choice™ and no name™ (with combined sales volumes of well over \$1 bil-

lion in 1994, of which about \$200 million was our Club Pack™ line), we have been improving our competitive position steadily against both traditional and alternative format operators. Nevertheless, in a low margin, labour-intensive business like food distribution, with steadily increasing levels of competitive activity and constant store asset renewal needs, there is simply no substitute for cash flow generation and balance sheet strength. Accordingly, when we were approached with a good offer from experienced operators, we decided to sell the retail business in the United States. Over the past few years, the results of National Tea have been solid and the performance of its management team exemplary. The sale is expected to be completed in the second quarter and to result in a nominal net gain or loss after closing costs. It will generate over \$300 million in cash. We believe that there are still opportunities for significant growth in Canada. As well, we expect the sales of our products in the United States, with profits more than doubling in 1994, to increase at a comparable rate to the 30 percent growth achieved last year.

In previous Annual Reports, we have outlined our business strategies, all of which were pursued in 1994 and which continue:

- Concentrate on being a food distributor
- Continue to reinvest in existing markets
- Continue to make only the most selective acquisitions
- Continue to invest in products and technology
- Continue to play for the long term
- Continue to be competitive
- **Concentrate on being a food distributor**

Our vision is that while supermarkets primarily sell food, they are in fact “one stop shops for everyday household needs”. To varying degrees, depending on size, location and opportunity, all Loblaw Companies’ stores, existing, remodelled and new, meet these needs by offering pharmacies, flower shops, health and beauty care items, cosmetics,



Fast and courteous service complements new and expanded store offerings including value priced Club Pack™ products,



beautiful floral departments and our MBV (music, books and videos) sections providing top 20 selections at exceptional prices.

greeting cards, music, books, videos, casual apparel, gas bars, photofinishing and dry cleaning in addition to high quality and sharply priced non-foods, food products and perishable foods. We believe there is good growth available in the supermarket business, particularly when one considers it as the base from which the “everyday household needs” business develops.

- **Continue to reinvest in existing markets**

Loblaw Companies has become the leading food distributor in Canada by its continued investment in modern facilities and selected formats into existing markets. This strategy allows it to obtain critical mass by market and high market share per store relative to the competition. There is no shortage of supermarket footage in Canada. In many markets, however, there is a shortage of high calibre modern stores offering a full variety of perishable and non-perishable products. It is this shortage that provides us with a significant and continuing growth opportunity.

- **Continue to make only the most selective acquisitions**

In most instances, we believe it is more productive and more profitable to open our own rather than to acquire existing stores. There are some exceptions, particularly in markets where new locations are simply not available or the waiting period would be prohibitively long. This year we acquired the 8 store Food Group business in New Brunswick to speed up an already active store development and store expansion program in the Maritimes, where the performance has lagged the rest of the business.

- **Continue to invest in products and technology**

We now have over 100 people involved in the development, sourcing and quality control of our “own labels”, mainly President’s Choice™, no name™ and Club Pack™. Sales in Canada exceeded \$1 billion in 1994. These sales levels rank our own labels in the forefront of Canadian

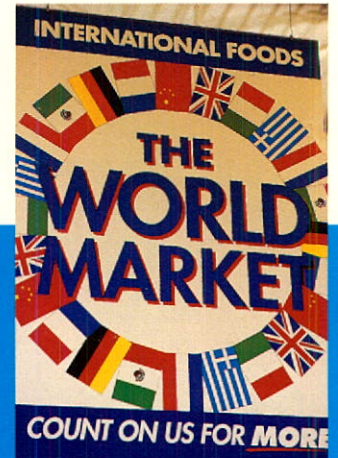
brands. Volumes from the development of products for selected United States customers provide new and lower cost sourcing opportunities for the Canadian business while also generating profits of \$11 million in 1994. Many of our technological advances have been related to merchandising our own brands and we are now in the process of making this technology interactive rather than static. We are also actively pursuing opportunities made available from industry initiatives, particularly in the areas of Efficient Consumer Response (ECR) and supply chain management.

• **Continue to play for the long term**

Playing for the long term manifests itself in the short term by concentrating on cash flow and making the right commercial decision rather than the right cosmetic or near term earnings decision. All public companies need earnings and in the long run, earnings and cash flow may be the same thing. But by always concentrating on cash flow, we believe we have the opportunity for increased earnings well into the future.

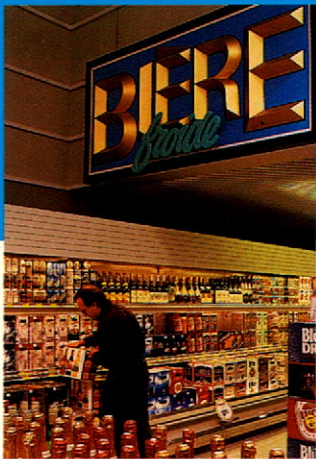
• **Continue to be competitive**

Canadian consumers continue to expect and demand “value”, which we interpret as “not overpaying for quality”. We offer quality products (everyday household needs) at competitive prices. All the elements of our business strategy are centred on providing value. Control over costs, however, is fundamental to providing value. It is apparent that consumer disposable income will become increasingly strained in the years ahead. If we are to continue to sell at low prices, we must operate at low costs. The cost of labour is our most significant cost. Over the past five years (from 1989 to 1994), our Canadian unionized labour force has increased from 33,000 to over 43,000, which we believe is the largest unionized work force increase of any company in Canada in that time. We want to provide good wages, benefits and working conditions for all our



New departments, bulk buying, expanded services and niche marketing;

employees but we are keenly aware that customers will not pay more just because we pay more. Already our Loblaws and Zehrs chains have the highest retail food pay scales in Ontario. Without the unionization of alternative formats selling food (warehouse clubs, discount drug stores and mass merchandisers), the security of our employees and our business will be imperiled. Job security and competitiveness in the marketplace go together - security without competitiveness is just not possible.



Loblaws is providing for
the needs of our customers
into the 90's.

After many years of asset management, new product development and store formats initiation, we interpret the 1994 results as a new operating base for the business. All the elements that were necessary to come to this present state will continue to be necessary in the future. But our main focus now will be towards merchandising, operations and logistics with less of the strategy and structure emphasis of the past.

To implement this vision and capture the future, there are already in the business a number of talented individual men and women of demonstrated competence, standards and commitment. This Company's future is limited only by the limits of their collective and shared capabilities in the years ahead.

W. Galen Weston

W. Galen Weston
Chairman

Richard J. Currie

Richard J. Currie
President

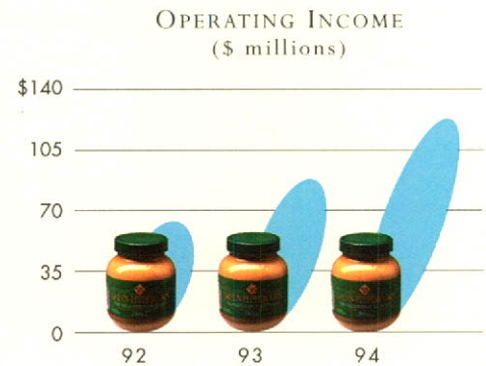
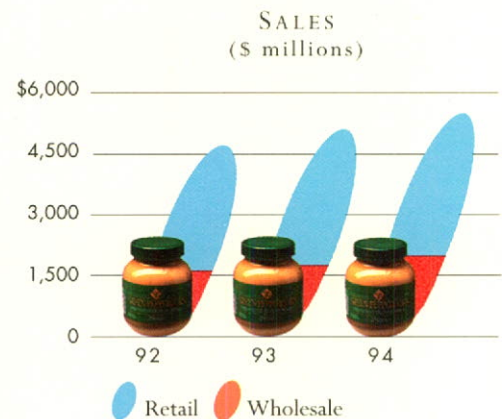
Eastern Canada

Record sales and operating income were achieved in Eastern Canada in 1994. The Ontario business has never been stronger and Atlantic Canada, while not yet at acceptable sales or profitability levels, is steadily improving.

The Ontario marketplace in 1994 provided the stage for some challenging retail activity. Competitive reactions to the additions of powerful new corporate and franchised stores to our already strong store base have been intense. A competitor's strike during the first 8 weeks of the year provided some initial benefits but the retail pricing activity that followed the settlement and reopening of the stores eroded some of the gains. For the year, however, combined same-store corporate and franchised sales improved more than 6 percent. Market share in Ontario increased by an additional 2 percent in 1994, representing an 8 percent market share gain over the past four years.

Atlantic Canada is now starting to benefit from the reorganization that took place in 1993 and is in the midst of a capital investment program, mainly the addition of larger stores to provide a wider variety of departments and services. The successful integration of the 8 Village stores acquired in 1994 will also help enhance our market position in 1995.

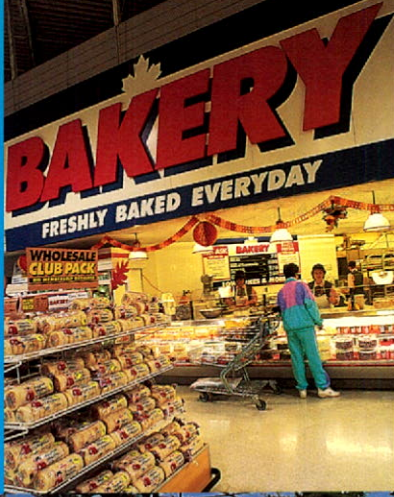
The stores we are building today in Ontario and Atlantic Canada are designed to meet the needs of today's shopper while providing a comfortable shopping environment. Larger stores provide greater variety of both products and departments. Interior decor and skylights provide a pleasant environment. Increased emphasis on fresh products has led to larger produce departments and expanded selections in the seafood, deli and bakery departments. New departments are being added, providing more convenience and value, such as dry cleaners, post office, greeting cards, MBV (music, books and videos) and pet supplies.





Expansive deli sections offer popular and unique fresh meats, cheeses, seafood and exotic sauces, perfect for families of all sizes.





Meeting the needs of a growing store base, Loblaw's vast transportation and distribution network ensures fresh, top quality goods are always available.

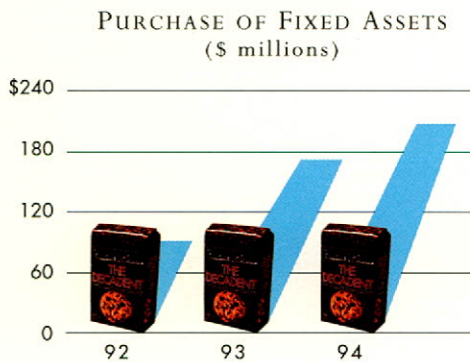
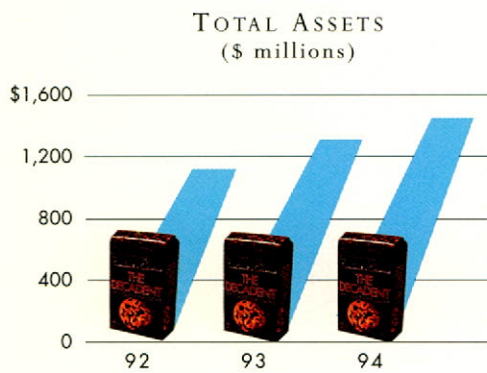


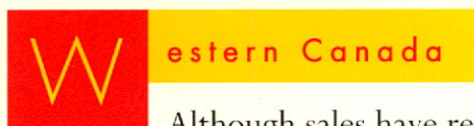
The Hasty Market convenience store business was sold in 1994, eliminating an unprofitable business unit and providing the opportunity to streamline activities and focus resources on the successful supermarket business.

Warehousing and distribution operations have improved service levels at lower cost over the past two years. This has been accomplished through the implementation of engineered labour standards, new technologies and cultural initiatives. Facility rationalization continues to take place where appropriate and in this past year the Charlottetown and Fredericton distribution centres were closed. As well, an important labour agreement was reached in the Mississauga Erin Mills warehouse, the Company's largest, as an alternative to its closure.

Cost control is of paramount importance and several initiatives have been made to improve the cost effectiveness of our administrative and support areas, including outsourcing to third parties of certain functions such as property management and data entry. Advances have been made in the utilization of EDI (Electronic Data Interchange), whereby over 70 percent of warehouse purchase orders and invoices are now handled electronically.

Although we are pleased with the recent earnings growth, investments in people and processes are being made to maintain growth momentum into future years. The Eastern Canada business continues to refine its structure to provide low cost service to its many distinct banners. The increasing sales of these differentiated banners provide further leverage in both cost and expertise back to the support functions. This "low cost service to drive sales" focus, coupled with a continuing expansion program, is expected to provide good earnings growth for 1995 and beyond.



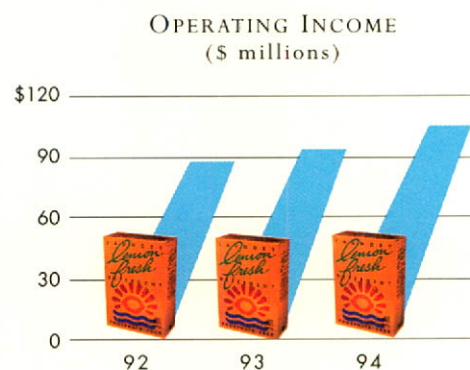
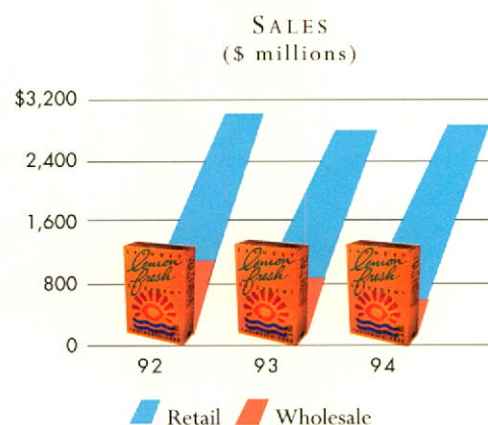


Although sales have remained relatively unchanged over the past three years, the Western Canadian business continues to achieve record earnings. In 1994, retail sales growth was in excess of 10 percent, coming primarily from new superstore and wholesale club square footage. This increase was offset by wholesale sales declines from the shedding of certain unprofitable, non-affiliated wholesale accounts in 1993 and 1994. Profit levels of both retail and wholesale operations increased over 1993.

The Real Canadian Superstores continue to perform well despite unrelenting competitive forces. The entry into the marketplace during 1994 of Wal-Mart, together with the competitive reaction of Zellers, K-Mart and others, has had some downward effect on margins in certain categories. In Alberta, Safeway appears to have reinvested the labour savings negotiated in 1993 into marketing and pricing to continue the price pressure evident in the previous years, particularly in urban areas. Our superstores have remained competitive, sales have been good and we continue to be the price leaders in all of our markets. We have carried these aggressive pricing programs forward into 1995 and will maintain this posture to ensure our market position. Five new superstores were opened in 1994 in Yorkton, Saskatchewan; Calgary, Alberta; Whitehorse, Yukon Territory; and Langley and Duncan, British Columbia. Site selection has been completed and construction will soon commence on 1995 planned openings in Prince George, British Columbia and Moose Jaw, Saskatchewan.

The conventional store group operating primarily under the OK! Economy banner, had a good year, making considerable progress particularly in Alberta. During 1994, 2 new stores were added in the markets of Barrhead and Grand Centre, Alberta and others were expanded or refurbished. Plans for 1995 include new stores in Winnipeg, Manitoba and High River and Drayton Valley, Alberta.

New Real Canadian Wholesale Clubs were opened during 1994 in Thunder Bay, Ontario; Calgary, Alberta; and 2 outlets in Edmonton, Alberta, bringing the total of



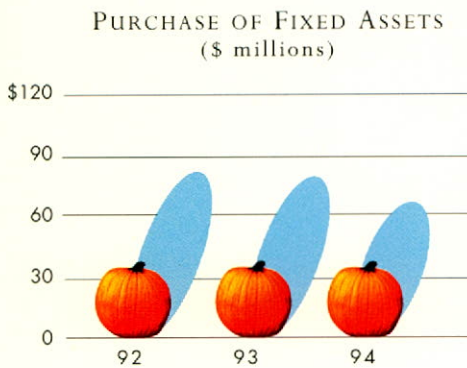
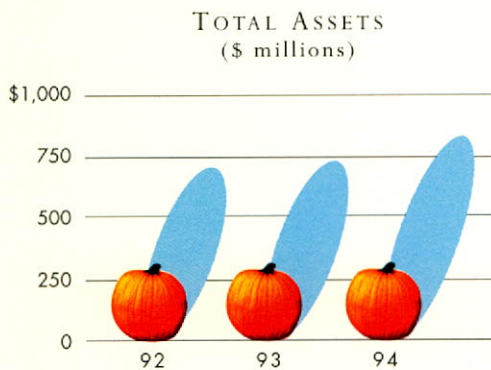


The Real Canadian Superstore, now with 32 locations in Western Canada, offers excellent products at low prices providing great value to our customers.





From the freshest of produce, to toys and children's wear, expansive Superstores provide the ultimate in one-stop shopping.



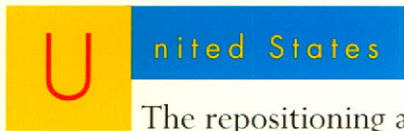
such stores to 6. The wholesale club concept continues to evolve as the market niche is explored. Sizes of the stores range from 40,000 to 60,000 square feet and the clubs cater to supplying the needs of small independent retail grocers, small businesses of many types and institutions. Product lines now include a selection of fresh produce, a large variety of tobacco products, institutional packs and general merchandise supplies for more small business needs. More stores are being added in 1995 including 1 in Winnipeg and 2 in British Columbia.

Wholesale operations were the success story of 1994. The project to rationalize the wholesale business that began several years ago has now started to produce significant earnings improvements. This program included the discontinuance of supply to small unprofitable independent accounts and the reduction of the product listing base. It also necessitated the closure of inefficient branch warehouses and the realignment of the remaining warehouses into a more cost efficient and productive distribution network. All of this has contributed to increased productivity through the management of cost in a less complicated wholesale business. Efforts continued in 1994 and included the closure of the Whitehorse, Yukon Territory branch and the consolidation of 4 Vancouver, British Columbia area warehouses into 1. The platform is in place for further progress in 1995.

Improvements are planned in distribution and in the management of slow-moving inventory levels. 1995 will also bring a greater focus on the produce segment of the business. Our "So Fresh" produce sourcing and brokerage affiliate located in Florida, Texas and California will be more fully integrated into operations for farm-gate procurement of United States produce to provide the best quality at the right price.

During 1994, an acceptable agreement was negotiated with the United Food and Commercial Workers (UFCW) Union in Manitoba providing a labour climate conducive to further investment in the Manitoba business. We expect similar agreements to be reached in British Columbia and Saskatchewan to support planned future capital investments there.

Prospects for 1995 continue to be excellent.



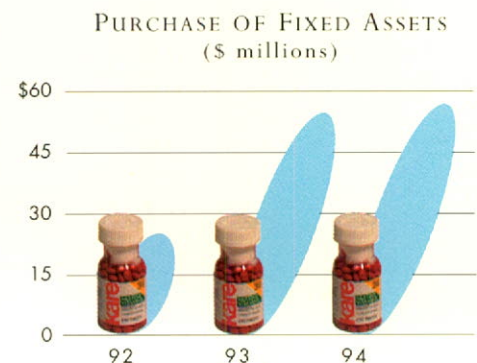
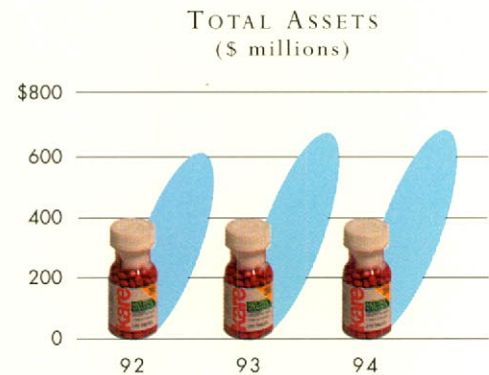
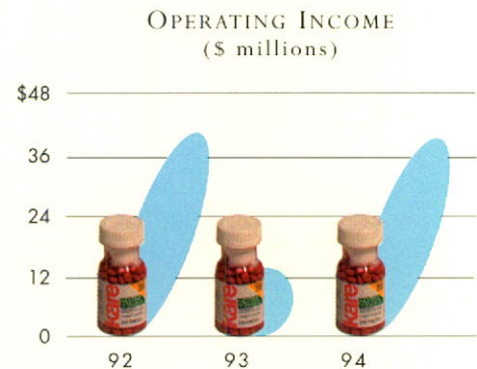
The repositioning and rebuilding of the business in New Orleans, following the 1993 strike, was the primary business activity in 1994. Labour costs were brought into industry alignment upon settlement of the strike late in 1993, following many years of the New Orleans business operating at a severe cost disadvantage. Approximately \$25 million in lost profits and strike related costs were incurred in 1993.

Early in 1994, 6 older, conventional supermarkets were converted to our high turn, low margin, limited assortment format called "That Stanley!" and 2 supermarkets were reformatted as smaller versions of The Real Superstore. The conversions were completed during the first quarter, after which the successful struggle took place to regain some market share lost during the strike.

In St. Louis, competition for sales in a no-growth market remained intense. Three new National Markets were opened and 1 existing store was converted to the National Market format in 1994 following, the same successful concept first introduced in 1993, showcasing perishables while offering value in grocery and non-food products. While generating additional sales, overall profitability remained constrained by competition.

The Company has entered into an agreement subject to United States Federal Trade Commission approval, to sell substantially all the assets of the 85 supermarket, National Tea Co. chain to Schnuck Markets, Inc. of St. Louis. The sale is expected to close in the second quarter of 1995.

Loblaws Brands, our product development division, will continue to actively market our line of President's Choice™ products into select United States retail chains. New accounts continue to be attracted to our product lines. The development of Sam's American Choice and Great Value products will continue in 1995.



Earnings improved to \$1.51 per share in 1994 from \$1.07 in 1993 representing a 41.1 percent increase. The year-over-year improvement reflects solid earnings growth, but was also impacted by several significant events that occurred in both years. Severe price wars in Western Canada in 1993 continued in 1994 primarily in the urban markets of Alberta. The settlement of an Ontario competitor's strike early in 1994 was followed by prolonged pricing activity in that market. The 34 week strike in the New Orleans business in 1993 cost an estimated \$.20 per share last year. Upon settlement of the strike, reformatting and repositioning of several stores took place during the first quarter of 1994. This disruption and the subsequent period of rebuilding market share lost during the strike, depressed United States sales and earnings during the first half of the year. In spite of the pressure on gross margins from the pricing activity in various markets and the costs of rejuvenating the business in New Orleans, earnings increased over 18 percent off a 1993 strike-adjusted base of \$1.27 per share.

The Company has entered into an agreement, subject to United States Federal Trade Commission approval, to sell substantially all the assets of the United States retail business. The sale is scheduled to close during the second quarter of 1995 and is not expected to result in any significant gain or loss after absorbing normal disposal costs. The Company will continue to actively market its line of President's Choice™ products into select United States retail chains.

In 1995, we expect total Company sales to decline as a result of the United States disposal but earnings to continue to improve. Strong sales increases expected in Canada from new stores added throughout 1994 and being added in 1995, as well as the program of continued expansions and modernizations of existing stores, should drive improved profitability.

Results of Operations

Sales

Loblaw Companies, under an accounting convention common in the food industry, follows a 52 week reporting cycle which periodically necessitates a 53 week "catch-up" year. 1992 was such a year, resulting

in a reduction of approximately 2 percent in the year-over-year increase in 1993. This had no impact on the current year's sales increase over 1993.

	Sales (\$ millions)				
	1994	Change	1993	Change	1992
Eastern Canada					
Retail	\$ 3,646	11.0%	\$3,286	5.3%	\$3,122
Wholesale	1,955	5.7%	1,850	7.7%	1,718
	<u>\$ 5,601</u>	9.1%	<u>\$5,136</u>	6.1%	<u>\$4,840</u>
Western Canada					
Retail	\$ 2,208	10.3%	\$2,001	6.2%	\$1,884
Wholesale	671	(22.2%)	862	(22.7%)	1,115
	<u>\$ 2,879</u>	.6%	<u>\$2,863</u>	(4.5%)	<u>\$2,999</u>
United States					
Retail	\$ 1,520	12.0%	\$1,357	(4.3%)	\$1,418
Wholesale					5
	<u>\$ 1,520</u>	12.0%	<u>\$1,357</u>	(4.6%)	<u>\$1,423</u>
Combined					
Retail	\$ 7,374	11.0%	\$6,644	3.4%	\$6,424
Wholesale	2,626	(3.2%)	2,712	(4.4%)	2,838
	<u>\$10,000</u>	6.9%	<u>\$9,356</u>	1.0%	<u>\$9,262</u>

Note: For an understanding of the geographic areas covered by these operating segments, please refer to the map on page 2.

Eastern Canadian operations, representing 56 percent of total Company sales (up slightly from 1993), realized a shift in growth pattern as retail sales in 1994 grew at about twice the rate as wholesale (11 percent versus 6 percent). The proportionate growth was reversed in 1993 (5 percent versus 8 percent).

Twenty-seven new stores, including 8 Village stores acquired in New Brunswick, were added to the retail business in 1994, some in new trading areas and others in existing markets which necessitated the closure of older, smaller units. The net effect on average square footage in 1994 (with a slightly lower effect on sales) was an increase of 8 percent as compared to a net zero increase in 1993. Same-store sales results have been a significant factor in retail sales growth in both years, increasing at a rate of 6 percent in 1994 and 7 percent in 1993. Price inflation, as determined by internal measures, did not contribute significantly to these increases in either year, however, reductions in government tobacco taxes negatively impacted reported sales.

Wholesale sales increases are primarily increases in volume through franchised stores in both years. Franchised same-store sales increases of 6 percent and 7 percent in 1994 and 1993 respectively provided most of

the growth. The sale of the Hasty Market division and the closure of some franchised stores reduced average square footage by 6 percent in 1994. This had only a slight negative effect on sales because of the lower sales per square foot of these units. Average square footage in 1993 increased 6 percent. The 1993 growth was after the effect of a 2 percent reduction in sales from discontinuing supply to certain independents in the Atlantic region.

Current plans have 27 new corporate and franchised independent stores being opened in 1995. Average square footage of combined corporate and franchised stores is expected to increase by about 9 percent in 1995. This should translate into a corresponding increase in sales in addition to the increase generated by the existing store base.

Western Canadian sales, which represent 29 percent of the business (down from 31 percent in 1993), were .6 percent higher than in 1993 after decreasing by 4.5 percent in 1993. Retail sales continue to provide the growth, with a 10.3 percent increase in 1994 following a 6.2 percent growth rate in 1993. Five new superstores opened in 1994 matching the 5 additions of 1993. Also, 4 new Real Canadian Wholesale Clubs were opened in 1994 adding to the existing outlets opened prior to 1993. This translated into an increase in average corporate store square footage of 18 percent during the year as compared to 12 percent in 1993. There is typically a time lag in sales dollar growth versus square footage growth, in particular with larger stores, as new stores do not initially produce sales as high as their more mature counterparts. This phenomenon was evidenced in both 1993 and 1994. Same-store sales maintained the same level in 1994 as 1993 after increasing by 2 percent in 1993. Internal measures indicated that price inflation was not a significant factor in either year.

Wholesale sales declined 22.2 percent in 1994 after a 22.7 percent decline in 1993. Warehousing and facilities rationalizations, including the net closure of 4 branches in 1994 and 4 in 1993, prompted by strategic reductions of wholesale accounts and to enhance operating efficiency, produced the sales reductions.

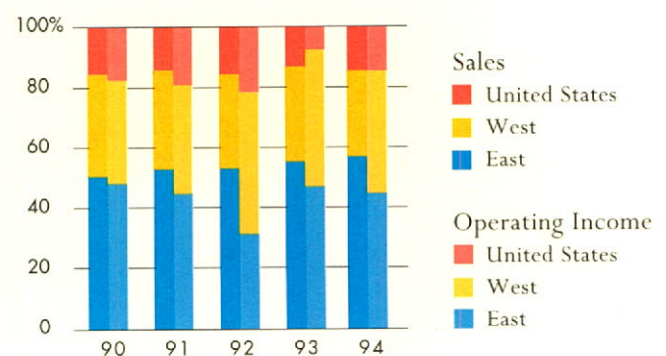
Average square footage of corporate stores is

expected to increase by about 11 percent in 1995 including the planned addition of 2 new superstores and 3 new wholesale clubs. Retail sales through new superstores and wholesale clubs is expected to provide the significant portion of the sales growth next year.

In the **United States**, which accounts for the remaining 15 percent of the Company's sales, sales were 12.0 percent higher than last year after a 4.6 percent decline in 1993. Approximately 7 percent of the 1994 increase is attributable to the relative strength of the U.S. dollar as compared to 1993 when the foreign exchange had a 4 percent positive impact on sales. Same-store sales in U.S. dollars declined by 3 percent in 1994 following a 5 percent decline in 1993. The strike in New Orleans in 1993 and the carry-over effect in 1994 was the primary factor responsible for the declines. Competitive encroachment in St. Louis was a factor in both years, however, the negative effect was mitigated somewhat in 1994 by the opening of 3 new stores in that market. Average square footage increased by 5 percent in 1994 as a result of the reopening of the New Orleans stores closed during the strike and the new stores in St. Louis. This follows a decline in 1993 from the net effect of opening 2 new stores in St. Louis and the closure of 5 New Orleans stores.

The sale of the United States retail assets, which is scheduled to close during the second quarter of 1995, is expected to reduce United States sales in 1995 to about one-third of the 1994 level.

PROPORTIONATE SALES AND
OPERATING INCOME BY REGION



Operating Income

	Operating Income (\$ millions)				
	1994	Change	1993	Change	1992
Eastern Canada	\$120	30.4%	\$ 92	46.0%	\$ 63
Operating margin	2.2%		1.8%		1.3%
Western Canada	\$112	17.9%	\$ 95	6.7%	\$ 89
Operating margin	3.9%		3.3%		3.0%
United States	\$ 40	207.7%	\$ 13	(68.3%)	\$ 41
Operating margin	2.6%		1.0%		2.9%
Combined	<u>\$272</u>	36.0%	<u>\$200</u>	3.6%	<u>\$193</u>
Operating margin	2.7%		2.1%		2.1%

In 1994, operating income increased, to varying degrees, in all geographic regions of the business. This follows the 3.6 percent overall increase in 1993 which was the combined result of a sharp decline in the United States, offset by increases in other regions.

In **Eastern Canada**, operating income increased by 30.4 percent versus the 46.0 percent increase in 1993. The operating margin (i.e. operating income as a percentage of sales) improved to 2.2 percent from 1.8 percent in 1993. Gross margins in the combined Eastern Canada businesses declined slightly in 1994 following no change in 1993. Significant sales growth in both years combined with continued cost control have generated the improved earnings. The focus on cost containment reduced overall costs as a percentage of sales thereby allowing gross margins to decline in 1994 while still improving operating margin over last year. Retail operating income increased by over 31 percent in 1994 after almost doubling in 1993, driven by strong sales and reduced operating costs. In 1993, gross margins increased slightly from the prior year, which contributed to the earnings growth that year. Wholesale operating income improved by over 22 percent in 1994. Sales growth in the franchised independent businesses in Ontario coupled with warehouse and distribution cost control provided the improvement. The 1993 increase came from a combination of similar factors.

Continued improvement in operating results is expected in Eastern Canada in 1995 from a combination of sales growth and higher operating margins in both Ontario and Atlantic Canada.

In **Western Canada**, operating income improved by 17.9 percent, following a 6.7 percent increase in

1993. The operating margin increased to 3.9 percent from 3.3 percent in 1993. Retail earnings growth of 8 percent was tempered by the costs (including the costs of competitive reaction) associated with significantly increasing average square footage over the past two years. Gross margins in certain departments and in specific markets were also reduced as a result of the reaction of some competitors to Wal-Mart's entrance into Western Canada. Retail results in 1993 were positively affected by the success of The Real Canadian Superstore program offset somewhat by a price war in Alberta during much of the year. The wholesale segment improved by over 50 percent in 1994, as the benefits of the warehouse and account rationalizations of 1993 and 1994 and the focus on servicing more profitable accounts were realized through more cost efficient operations and improved wholesale margins. With wholesale sales lower than the previous year, wholesale return on sales improved dramatically in 1994.

The maturation of the new superstores and wholesale clubs opened over the past several years should continue to increase retail earnings. Productivity improvements in wholesale distribution coupled with volume improvements are expected to generate enhanced wholesale profits as well.

In the **United States**, operating income recovered to more normal levels from the effects of the 1993 strike in New Orleans, increasing \$27 million following a \$28 million decline in 1993. The significant factor affecting earnings in both years was the New Orleans strike in 1993 which cost the business an estimated \$25 million of operating income that year. Reformatting and repositioning of several stores took place early in 1994, however, costs from the disruption to the business during this process and strategic costs associated with regaining sales and customers lost during the strike constrained earnings growth in the first half of the year. The St. Louis market was negatively impacted by competitive encroachment on sales in 1993, but 2 new stores opened in 1993 and 3 in 1994 helped alleviate some of this competitive pressure allowing operating earnings to improve slightly in 1994.

Net royalty income generated through the sale, by non-affiliated United States retailers, of President's

MANAGEMENT DISCUSSION and ANALYSIS

Choice™, Sam's American Choice and Great Value products increased to about \$11 million in 1994, up from \$5 million in 1993, as the programs matured and product lines expanded.

Upon closing of the sale of the United States retail assets, retail operating income generated in the United States will be reduced to that derived from royalty revenues. This is expected to be at approximately the same level as 1994.

Interest expense increased by \$10.8 million in 1994 after a \$6.9 million decline in 1993. Net average borrowing levels in 1994 were about \$100 million higher than in 1993 which were \$30 million higher than 1992. This was the primary reason for the higher interest expense. Cross-currency swaps, as discussed in Note 8 to the financial statements, had a positive impact on interest expense in both years and this was the most significant factor in 1993's decline. Interest expense is expected to decline in 1995 primarily from the net effect of reduced borrowing levels from the over \$300 million expected from the sale of the United States assets offsetting the redemption of the \$60 million Second preferred shares. Cash requirements for capital expansion in Eastern and Western Canada should be met for the most part by internally generated funds.

The **effective income tax rate** has increased in each of the past two years (by about two and a half percentage points in 1994 and one percentage point in 1993), as a result of the higher proportion of income earned in Canada with higher effective tax rates. The sale of United States assets in 1995 will exacerbate this situation and the expected tax rate should be a further two percentage points higher.

Financial Condition

The balance sheet, the indicator of financial condition, remains strong and relatively unchanged from 1993. The **debt:equity** ratio improved slightly to .45:1 in 1994 from .46:1 in 1993 and is well within the Company's internal guideline of maintaining this ratio at less than 1:1. Proceeds from the sale of United States assets in 1995 will be used to reduce net debt thereby further strengthening the balance sheet and improving

the debt:equity ratio. **Interest coverage** rose to 4.4 times in 1994 from 3.9 times in 1993 and is expected to improve again in 1995.

Capital expenditures for fixed assets and acquisitions may be analyzed as follows:

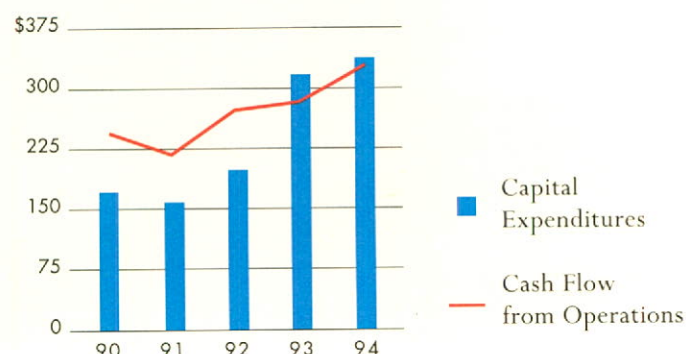
	Capital Expenditures (\$ millions)		
	1995 Estimate	1994	1993
Eastern Canada	\$231.0	\$215.5	\$177.9
% of Total	(79%)	(64%)	(56%)
Western Canada	\$ 60.0	\$ 65.2	\$ 81.5
% of Total	(21%)	(19%)	(26%)
United States		\$ 58.0	\$ 55.2
% of Total		(17%)	(18%)
	<u>\$291.0</u>	<u>\$338.7</u>	<u>\$314.6</u>
% for Corporate Stores	<u>86%</u>	<u>87%</u>	<u>91%</u>

Note: Projects already begun and which the Company is effectively committed to complete total approximately \$25 million of the \$291 million in 1995.

Capital expenditures reached a new record high in 1994 and significant levels of investment will be maintained in 1995, supporting the earnings momentum being generated in Eastern and Western Canada.

Cash flow from operations increased to \$329.0 million from \$281.8 million in 1993, slightly less than the \$338.7 million of capital expenditures in the year. Capital expenditures also slightly exceeded cash flow from operations in 1993 after four years of excess cash flow. 1994 also represented the seventh consecutive year that working capital has been a source of cash and it is expected to be about neutral in 1995.

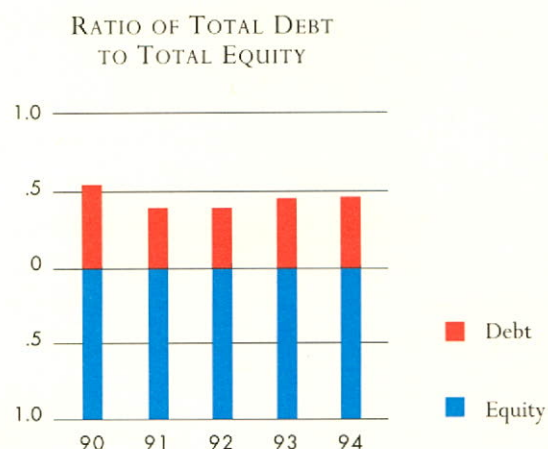
CASH FLOW FROM OPERATIONS
AND CAPITAL EXPENDITURES
(\$ millions)



Short term liquidity is provided by a combination of internally generated cash flow, net cash on hand, short term investments and access to the commercial paper market. The Company maintains a \$500 million commercial paper program, supported by operating bank lines of credit, rated A-1 and R-1 (low) by Canadian Bond Rating Service (CBRS) and Dominion Bond Rating Service (DBRS) respectively. Financial instruments are used from time to time to manage the effective interest rate on the underlying commercial paper and short term investments.

Longer term capital resources are provided by direct access to capital markets. The Company has a debt rating of A (high) from CBRS and DBRS. In the fourth quarter of 1994, the \$30.5 million Series 2, 12.25% Debentures were repaid. In the third quarter of 1993, \$200 million of 40 year, 8.75% notes were issued to extend maturities to better match debt with capital investments. The weighted average interest rate on fixed rate long term debt (excluding capital lease obligations) at year end 1994 was 10.0 percent, down slightly from 10.2 percent last year. The weighted average term to maturity (measured both on the basis of maturity date and on the earlier of maturity and first retraction date) was 25.1 and 23.6 years respectively at year end 1994 compared to 25.0 and 23.4 years at the end of 1993. The repayment of the Series 2 Debentures had the effect of reducing the weighted average interest rate and extending the term to maturity in 1994 as did the issuance of the new debt in 1993.

Common share equity exceeded \$1 billion for the first time in 1994. Preferred share equity has declined through retirements in each of the past two years and will decline a further \$60 million with the March, 1995 retirement of the Second preferred shares. These shares were a relatively expensive element of the capital structure. The elimination of the associated preferred dividends increases earnings available to common shareholders.



Risk and Risk Management

The Company is an aggressive competitor in the food distribution business employing strategies often involving the entrance to new markets. The result is often stimulated competitive activity. It is an innovator, experimenting with new store formats, sizes, departments and services within a store. It is also prepared to expand its operations through focused acquisitions when new opportunities arise. In 1994, 8 Village stores and 3 associated Cash & Carry outlets were acquired in New Brunswick. These stores are being successfully integrated into the business and although they carry some short term earnings risk, they were considered important to our long term position in the Maritime market. Real Canadian Superstores were introduced into 7 new markets in the past two years and in 1995 stores will be opened in Moose Jaw, Saskatchewan and Prince George, British Columbia. At the same time, the business continues to evolve the Real Canadian Wholesale Club format with 4 openings in 1994 and 3 planned openings in 1995. These aggressive strategies are considered essential to long term security and growth. Conversely, the Company is prepared to exit a particular market and redeploy assets elsewhere when it is strategically advantageous to do so. The 1995 disposal of the United States retail business in St. Louis

and New Orleans reflects the Company's assessment that the costs and risks associated with generating improved longer term returns on investment were greater than the potential benefits, therefore, strategically it was considered appropriate to redeploy these assets to parts of the business with more acceptable risk/reward prospects.

Long term security and growth are fundamental to the Company's operating philosophy and will not be sacrificed for short term earnings. The primary risks to these long term goals are competitive erosion and loss of cost advantage. In both 1994 and 1993, the Western Canada operations faced price war conditions in certain markets and in Eastern Canada the business has fought to improve market share position in Ontario and the Maritimes. Confidence in the strength of its balance sheet, its operating capabilities and cost structure allowed it to face these threats, take some short term earnings reduction where appropriate and emerge with a stronger market position for long term growth. The significant store development program underway in the Maritimes has seen increased competitive activity in that region and this may intensify over the short term.

Low cost, non-union competitors are a threat to cost advantage. The 1993 strike in New Orleans, although costly to the business in that year, was taken to achieve competitive labour costs for the longer term. A restrictive and expensive labour contract at one of the large Ontario warehouses made operations there inefficient. In 1994, the Company was prepared to close the warehouse and incur the short term costs of doing so, but negotiations with the union averted this closure. In 1995, 41 labour agreements affecting 8,400 employees will be negotiated, the single largest agreement to be negotiated covering 2,400 employees. Longer term contracts are being negotiated to provide a more stable labour environment. The Company has generally good relations with its employees and unions and, although possible, no labour disruption is anticipated.

Loblaws endeavours to be a socially and environmentally responsible company, recognizing that the competitive pressures for economic growth and cost efficiency must be integrated with environmental stewardship and ecological considerations. In addition to

environmental audits of warehouses and stores, the Company has implemented creative solutions to reduce ozone depleting and global warming substances. Packaging and waste management plans are ongoing, with a goal for substantial reductions over the next few years. These initiatives are part of the Company's philosophy of responsible business operations and will also help ensure long term sustainable profit growth and development.

The Company follows certain strategies and general policies to minimize risk to long term security and growth. It operates on a broad geographic base to minimize exposure to regional economies. It operates a variety of store formats and sizes to appeal to the changing demographics of various areas. It operates in both the retail and wholesale segments of the business, balancing exposure to shifts in the economics of these two components of the industry. It owns its own real estate whenever possible to enhance operating flexibility and to benefit from any long term appreciation. It has developed powerful corporate brands such as President's Choice™, no name™, Club Pack™, G•R•E•E•N™ and "TOO GOOD TO BE TRUE!"™ to enhance customer loyalty by providing superior overall value to the customer. It follows a policy of enhancing profitability on a market-by-market basis, ensuring optimum market share per store after consideration of the economics of the various store formats available. In order to provide the opportunity for these strategies to be carried out to the fullest, the Company maintains a strong balance sheet which minimizes the vulnerability to short term earnings pressure and provides the base for long term growth.

The business is well positioned to provide earnings growth and superior food industry returns in 1995.

Management is responsible for the preparation and presentation of the consolidated financial statements and all other information in the Annual Report. This responsibility includes the selection of appropriate accounting principles and methods in addition to making the judgements and estimates necessary to prepare financial statements in accordance with generally accepted accounting principles. It also includes ensuring that the other financial information presented elsewhere in the Annual Report is consistent with the financial statements.

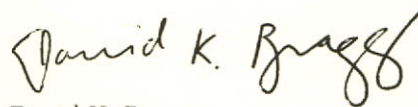
To provide reasonable assurance that assets are safeguarded and that relevant and reliable financial information is being produced, management maintains a system of internal controls. Internal auditors who are employees of the Company, review and evaluate internal controls on management's behalf, coordinating this work with the independent shareholders' auditors. The financial statements have been audited by the independent shareholders' auditors, KPMG Peat Marwick Thorne, whose report follows.

The Board of Directors, acting through an Audit Committee which is comprised solely of directors who are not employees of the Company, is responsible for determining that management fulfills its responsibilities in the preparation of financial statements and the financial control of operations. The Audit Committee recommends the independent auditors for appointment by the shareholders. It meets regularly with financial

management, internal auditors and independent auditors to discuss internal controls, auditing matters and financial reporting issues. The independent shareholders' auditors have unrestricted access to the Audit Committee. The Committee reviews the Consolidated Financial Statements and the Management Discussion and Analysis prior to the Board approving them for inclusion in the Annual Report.



Richard J. Currie
President



David K. Bragg
Executive Vice President



Stephen A. Smith
Senior Vice President, Controller

March 2, 1995
Toronto, Canada

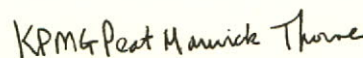
AUDITORS' REPORT

To the Shareholders of Loblaw Companies Limited:
We have audited the consolidated balance sheets of Loblaw Companies Limited as at December 31, 1994 and January 1, 1994 and the consolidated statements of earnings, retained earnings and cash flow for the 52 week periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1994 and January 1, 1994 and the results of its operations and the changes in its financial position for the periods then ended in accordance with generally accepted accounting principles.



Chartered Accountants
March 2, 1995
Toronto, Canada

KPMG Peat Marwick Thorne

CONSOLIDATED STATEMENT of EARNINGS

52 Weeks Ended December 31, 1994

(in millions of dollars)	1994 (52 weeks)	1993 (52 weeks)	1992 (53 weeks)
Sales	\$9,999.9	\$9,356.1	\$9,261.6
Operating Expenses			
Cost of sales, selling and administrative expenses	9,592.9	9,033.3	8,952.8
Depreciation	134.7	122.4	115.7
	9,727.6	9,155.7	9,068.5
Operating Income	272.3	200.4	193.1
Interest expense (income)			
Long term debt	69.8	54.9	62.7
Short term debt/investments	(7.7)	(3.6)	(4.5)
	62.1	51.3	58.2
Special provision (note 11)			10.0
Earnings before income taxes	210.2	149.1	124.9
Income taxes (note 3)	83.5	55.7	45.1
Net Earnings for the Period	\$ 126.7	\$ 93.4	\$ 79.8
Net Earnings per Common Share	\$1.51	\$1.07	\$.88

CONSOLIDATED STATEMENT of RETAINED EARNINGS

52 Weeks Ended December 31, 1994

(in millions of dollars)	1994 (52 weeks)	1993 (52 weeks)	1992 (53 weeks)
Retained Earnings, Beginning of Period	\$ 683.5	\$ 618.0	\$ 567.8
Net earnings for the period	126.7	93.4	79.8
	810.2	711.4	647.6
Dividends declared			
Preferred shares	6.7	8.9	10.7
Common shares, per share - 26¢ (1993 - 24¢, 1992 - 24¢)	20.7	19.0	18.9
	27.4	27.9	29.6
Retained Earnings, End of Period	\$ 782.8	\$ 683.5	\$ 618.0

CONSOLIDATED BALANCE SHEET

As at December 31, 1994

(in millions of dollars)	1994	1993	1992
Assets			
Current Assets			
Cash and short term investments (note 4)	\$ 215.5	\$ 271.9	\$ 208.0
Accounts receivable	170.1	160.9	183.9
Taxes recoverable		1.5	1.1
Inventories	700.7	653.1	642.9
Prepaid expenses and other assets	32.4	29.4	16.0
	1,118.7	1,116.8	1,051.9
Investments (note 5)	94.3	84.1	94.1
Fixed Assets (note 6)	1,603.4	1,413.7	1,231.4
Goodwill	44.0	48.7	52.0
Other Assets (note 13)	86.8	79.4	44.7
	\$2,947.2	\$2,742.7	\$2,474.1
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	\$1,016.3	\$ 931.0	\$ 862.8
Taxes payable	15.9		
Long term debt payable within one year (note 7)	56.9	37.8	5.6
	1,089.1	968.8	868.4
Long Term Debt (note 7)	666.4	722.3	572.0
Other Liabilities	30.1	19.0	19.4
Deferred Income Taxes	39.7	29.8	42.1
	\$1,825.3	\$1,739.9	\$1,501.9
Shareholders' Equity			
Capital Stock (note 9)			
Preferred shares	90.9	91.3	129.7
Common shares	232.8	228.1	222.8
	323.7	319.4	352.5
Contributed Surplus	8.3	8.5	8.6
Retained Earnings	782.8	683.5	618.0
Foreign Currency Translation Adjustment (note 10)	7.1	(8.6)	(6.9)
	1,121.9	1,002.8	972.2
	\$2,947.2	\$2,742.7	\$2,474.1

Approved by the Board

W. Galen Weston

W. Galen Weston
Director

Richard J. Currie

Richard J. Currie
Director

CONSOLIDATED CASH FLOW STATEMENT

52 Weeks Ended December 31, 1994

(in millions of dollars)	1994 (52 weeks)	1993 (52 weeks)	1992 (53 weeks)
Operations			
Net earnings	\$ 126.7	\$ 93.4	\$ 79.8
Depreciation	134.7	122.4	115.7
Gain on sale of fixed assets	(1.7)	(.9)	(.7)
Deferred income taxes	11.6	11.6	(4.0)
Other	2.3	3.4	14.4
	273.6	229.9	205.2
Provided from working capital	55.4	51.9	68.1
Cash flow from operations	329.0	281.8	273.3
Investment			
Purchase of fixed assets	(338.7)	(314.6)	(198.1)
Acquisitions (note 12)			(48.9)
Proceeds from sale of fixed assets	17.3	4.5	10.2
Net (increase) decrease in other items	(3.9)	(29.5)	22.4
	(325.3)	(339.6)	(214.4)
Net cash in (out) before financing and dividends	3.7	(57.8)	58.9
Financing			
Long term debt - Borrowings	3.0	205.2	16.5
- Repayments	(40.0)	(28.2)	(34.9)
Capital stock - Issued	4.7	5.3	4.6
- Retired	(.4)	(38.4)	(56.2)
Other		5.7	
	(32.7)	149.6	(70.0)
Dividends	(27.4)	(27.9)	(34.3)
(Decrease) Increase in Cash	(56.4)	63.9	(45.4)
Cash at beginning of period	271.9	208.0	253.4
Cash at End of Period	\$ 215.5	\$ 271.9	\$ 208.0

Cash is defined as cash and short term investments net of short term borrowings.

NOTES to CONSOLIDATED FINANCIAL STATEMENTS

52 Weeks Ended December 31, 1994

(Narrative and tabular amounts in millions of dollars except Capital Stock note)

1. Summary of Significant Accounting Policies

a) BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and all subsidiaries. The effective interest of Loblaw Companies Limited in the equity share capital of all principal subsidiaries is 100%.

b) REVENUE RECOGNITION

Retail sales revenues are sales to consumers through corporate stores operated by the Company.

Wholesale sales revenues are sales and service fees to franchised independent stores and independent accounts but exclude sales to corporate stores and other inter-company sales.

Royalty revenues are included in operating income and are generated by the purchase, from suppliers, of President's Choice™ and other products by non-affiliated United States retailers.

c) CASH OFFSETTING

Cash balances for which the Company has a right of offset are used to reduce reported short term borrowings.

d) INVENTORIES

Retail store inventories are stated at the lower of cost and net realizable value less normal profit margin. All other inventories are stated at the lower of cost and net realizable value.

e) FIXED ASSETS

Fixed assets are stated at cost, including capitalized interest. Depreciation is recorded principally on a straight line basis to amortize the cost of these assets over their estimated useful lives.

Estimated useful lives range from twenty-five to forty years for buildings and three to eight years for equipment and fixtures. Leasehold improvements are depreciated over the lesser of the applicable useful life and term of the lease.

f) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency balances are translated at a rate approximating the current rate at each period end. The net difference on translation of the Company's equity in United States subsidiaries is included in the foreign currency translation adjustment within shareholders' equity. Exchange gains or losses arising from cross-currency swaps considered a hedge against these investments are also included in the foreign currency translation adjust-

ment. The balance in this account will be recognized in earnings in proportion to any reduction of the net investment in United States subsidiaries. Revenues and expenses are translated at a rate approximating the average rate for the period.

g) GOODWILL

Goodwill reflects the excess of the cost of investments in subsidiaries over the fair value of the underlying net tangible assets acquired at the dates of acquisition. Goodwill is being amortized on a straight line basis determined for each acquisition over the estimated life of the benefit, to a maximum period of 40 years. The weighted average remaining amortization period is 25 years. The value of each component of goodwill is regularly evaluated. Any permanent impairment in value is written off against earnings.

2. Subsequent Event

The Company has entered into an agreement subject to United States Federal Trade Commission approval, to sell substantially all of the assets of its United States retail business. The sale is scheduled to close during the second quarter of 1995 and is not expected to result in any significant gain or loss after absorbing normal costs associated with the disposal. Net proceeds are expected to be in excess of \$300 million.

Segmented information for United States operations is included in Note 14. Except for the impact of continuing to operate stores for approximately one-third of a year prior to closing, United States operating income will be reduced to that generated by royalty revenues through the purchase from suppliers of President's Choice™ and other products by non-affiliated United States retailers.

3. Income Taxes

The Company's effective income tax rate is made up as follows:

	1994	1993	1992
Combined basic Canadian federal and provincial income tax rate	43.5%	42.9%	41.7%
Impact of operating in foreign countries with lower effective tax rates	(5.8)	(5.9)	(7.2)
Impact of special provision			3.3
Other (including adjustment of prior years' estimates)	2.0	.4	(1.7)
	39.7%	37.4%	36.1%

NOTES to CONSOLIDATED FINANCIAL STATEMENTS
52 Weeks Ended December 31, 1994

4. Cash and Short Term Investments

The Company has \$310.7 (1993 - \$234.1, 1992 - \$237.8) in short term investments held by its non-Canadian subsidiaries which is included in cash and short term investments. In 1994, \$95.2 of this was used to offset short term borrowings in Canada. The \$9.5 (1993 - \$7.7, 1992 - \$11.0) income from these investments is included as a reduction of interest expense.

6. Fixed Assets

5. Investments (at cost)

	1994	1993	1992
Secured loans and advances	\$ 7.5	\$ 6.2	\$23.4
Lease receivables	29.0	29.7	30.1
Investments in franchisees	26.7	21.0	25.0
Long term receivables and other investments	31.1	27.2	15.6
	\$94.3	\$84.1	\$94.1

	1994			1993			1992
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net	Net
Properties held for development	\$ 53.2		\$ 53.2	\$ 48.7		\$ 48.7	\$ 31.6
Land	372.3		372.3	328.4		328.4	268.7
Buildings	932.3	\$ 219.8	712.5	820.1	\$193.4	626.7	543.6
Equipment and fixtures	932.1	612.5	319.6	845.5	559.5	286.0	262.3
Leasehold improvements	218.8	112.8	106.0	178.3	98.4	79.9	76.1
	2,508.7	945.1	1,563.6	2,221.0	851.3	1,369.7	1,182.3
Buildings and equipment under capital leases	88.1	48.3	39.8	87.2	43.2	44.0	49.1
	\$2,596.8	\$ 993.4	\$1,603.4	\$2,308.2	\$894.5	\$1,413.7	\$1,231.4

Interest capitalized as part of fixed assets during the period amounts to \$5.6 (1993 - \$5.4, 1992 - \$3.8).

7. Long Term Debt

	1994	1993	1992
Debentures			
Series 2, 12.25% repaid 1994		\$ 30.5	\$ 30.5
Series 4, 11% due 1995	\$ 40.0	40.0	40.0
Series 5, 10% due 2006	50.0	50.0	50.0
Series 6, 9.75% due 2001	75.0	75.0	75.0
Series 7, 9% due 2001	14.0	14.0	14.0
Series 8, 10% due 2007	60.7	60.7	60.7
Notes, 11.4% due 2031	178.0	180.3	200.0
Notes, 8.75% due 2033	200.0	200.0	
Other long term debt at a weighted average interest rate of 9.9%, due 1995 - 2009	40.0	40.3	33.2
Capital lease obligations at a weighted average interest rate of 13.0%, due 1995 - 2017	65.6	69.3	74.2
	723.3	760.1	577.6
Less payable within one year	56.9	37.8	5.6
	\$666.4	\$722.3	\$572.0

The Series 5 and Series 6 debentures are retractable annually commencing 1996 and 1993, respectively. The interest rate on the Series 6 debentures was reset in 1994 at 9.75% (same rate as 1993). The Series 7 debentures are redeemable and retractable in 1996. The Series 8 debentures are redeemable in 2002. The five year schedule of repayments of long term debt, at the earlier of maturity or first retraction date, excluding the Series 6 debentures, is as follows: 1995 - \$56.9; 1996 - \$71.8; 1997 - \$8.1; 1998 - \$9.3; 1999 - \$8.9.

NOTES to CONSOLIDATED FINANCIAL STATEMENTS
52 Weeks Ended December 31, 1994

8. Swaps

The Company has entered into cross-currency swaps to exchange an amount of \$569.6 Canadian debt for United States dollar debt. The swaps mature as follows: 2000 - \$43.8; 2001 - \$85.4; 2002 - \$62.8; 2003 - \$33.3; 2004 - \$344.3. Currency adjustments receivable or payable arising from the swaps must be settled in cash on maturity. As at December 31, 1994, a currency adjustment of \$11.2 (1993 - \$6.9) has been included in other liabilities. Long term interest expense has been decreased by the positive spread between Canadian floating rates, based on bankers acceptances and United

States floating rates, based on LIBOR, applied to the amount exchanged.

In addition, the Company has entered into interest rate swaps converting a net notional \$277.6 of 8.1% fixed rate debt into floating rate debt. The net maturities are as follows: 2000 - \$14.0; 2001 - \$25.3; 2003 - \$152.0; 2004 - \$86.3.

An event of default by the counterparties to these swaps does not create a significant risk because the principal amounts on cross-currency swaps are netted by agreement and there is no exposure to loss of the notional principal amounts on interest rate swaps.

9. Capital Stock

	Number of shares issued			Paid-up-capital (in millions of dollars)		
	1994	1993	1992	1994	1993	1992
First preferred shares						
First series	437,952	439,652	439,652	\$ 21.9	\$ 22.0	\$ 22.0
Second series	273,294	283,398	290,798	9.0	9.3	9.6
	711,246	723,050	730,450			
Second preferred shares						
Third series			1,515,700			37.9
Fourth series	120	120	120	60.0	60.0	60.0
	120	120	1,515,820			
			2,200			.2
Junior preferred shares				90.9	91.3	129.7
Total preferred shares				232.8	228.1	222.8
Common shares	79,821,346	79,425,426	78,932,026	\$323.7	\$319.4	\$352.5
Total capital stock						

Share Description:

First preferred shares (authorized - 1,000,000)

First series - \$2.40 cumulative dividend redeemable at \$50. Second series - \$3.70 cumulative dividend redeemable at \$70. Subject to certain exceptions, in each fiscal year, the Company is obligated to apply \$400,000 to the retirement of these shares.

Second preferred shares (authorized - unlimited)

Third series - \$1.825 cumulative dividend redeemable at \$25. These shares were retired according to their terms on September 1, 1993.

Fourth series - cumulative dividend with a fixed rate of 7.75% to March 1, 1995. These shares were redeemed according to their terms at \$500,000 each on March 1, 1995.

Junior preferred shares (authorized - unlimited)

Fourth series - cumulative dividend with floating rate equal to two-thirds of average bank prime rate plus $\frac{3}{4}\%$. The 2,200 fourth series were converted into 34,510 common shares in 1993.

Common shares (authorized - unlimited)

In 1994, the Company issued 395,920 (1993 - 458,890) common shares for cash consideration of \$4,672,814 (1993 - \$5,121,542) on exercise of employee stock options.

As at December 31, 1994, there were outstanding stock options, which were granted at the market price on the day preceding the grant, to purchase 3,105,090 common shares at prices ranging from \$9 $\frac{1}{8}$ to \$23 $\frac{3}{8}$ with a weighted average price of \$17 $\frac{1}{8}$. Options expire on dates ranging from January 17, 1995 to December 17, 2000, with 62,200 expiring in 1995.

The exercise of the stock options would not materially dilute earnings per share.

NOTES to CONSOLIDATED FINANCIAL STATEMENTS

52 Weeks Ended December 31, 1994

10. Foreign Currency Translation Adjustment

The 1994 change in the net balance of the foreign currency translation account is primarily income tax from terminating certain cross-currency swaps that were designated a hedge against the net United States investment. The 1993 change in the balance of this account was primarily due to the foreign exchange rate difference on the net unhedged United States asset position.

11. Special Provision

When the Company's former United States subsidiary, P.J. Schmitt, was sold in 1988, a preferred share investment was retained and certain loan guarantees were given. In June, 1992, Schmitt was granted protection from creditors under Chapter 11 and subsequently sold substantially all of its assets. This special provision reflected anticipated losses on the Company's investment and guarantees. No tax benefit was recorded on this provision.

12. Acquisitions

There were no major acquisitions in 1994 or 1993. During 1992, the Company acquired 18 corporate stores and a warehouse in Newfoundland (by buying out the remaining 50 percent interest of its joint venture partner), 10 former Steinberg stores in the Ottawa Valley and 5 former Vinet's stores in Alberta for cash consideration of \$48.9.

These transactions have been accounted for using the purchase method with the results of operations included in these financial statements since the dates of acquisitions.

13. Pensions

Current actuarial estimates indicate that the present value of accrued pension benefits is \$440.4 (1993 - \$423.4, 1992 - \$393.0) and the value of pension fund assets is \$445.8 (1993 - \$418.3, 1992 - \$352.9). As at December 31, 1994, prepaid pension costs of \$77.5 (1993 - \$48.8, 1992 - \$30.6) are included in other assets.

14. Other Information

a) SEGMENTED INFORMATION

The Company's only significant activity is food distribution. Geographically segmented information is as follows:

	1994	1993	1992
Sales			
Eastern Canada	\$5,601.2	\$5,135.8	\$4,840.2
Western Canada	2,878.5	2,862.9	2,999.1
United States	1,520.2	1,357.4	1,422.3
Operating income			
Eastern Canada	\$ 120.5	\$ 92.0	\$ 62.9
Western Canada	111.6	95.0	89.0
United States	40.2	13.4	41.2
Total assets			
Eastern Canada	\$1,444.1	\$1,329.6	\$1,149.2
Western Canada	823.3	739.0	723.0
United States	679.8	674.1	601.9

b) CONTINGENT LIABILITIES AND COMMITMENTS

Endorsements and guarantees in the normal course of business amount to \$6.7.

The Company has guaranteed, to the extent of \$13, its one third interest in a bank loan to a real estate joint venture. A default by the joint venture under the loan agreement resulted in the bank proceeding under a power of sale to sell the property to the Company in 1994. A third party brought an action claiming that their \$10 second mortgage had priority over the bank's claim. The bank has successfully sought an order allowing the sale to the Company to proceed. This order is now under appeal. A subsequent court action by the same party is seeking rescission and damages from the parties involved in the original joint venture, including subsidiaries of the Company, resulting from financial transactions of the joint venture. A hearing is scheduled for April, 1995. While the Company is continuing its efforts to ensure successful completion of the mixed use property, the outcome of the court action and the continued development are uncertain.

Gross rentals under leases assigned at the time of sale of United States divisions for which the Company is contingently liable, amount to \$31.8.

Commitments for net operating lease payments total \$781.3 (\$891.3 gross, net of \$110.0 of expected sublease income). Net payments for each of the next five years and thereafter are as follows: 1995 - \$115.0; 1996 - \$107.2; 1997 - \$98.3; 1998 - \$88.7; 1999 - \$73.6; thereafter to 2056 - \$298.5.

c) RELATED PARTIES

The Company's majority shareholder, George Weston Limited and its subsidiaries are related parties. It is the Company's policy to conduct all transactions with related parties on normal trade terms. The magnitude of these transactions and related balances is not considered significant to the Company.

RESULTS by QUARTER

(\$ millions)	1994	1993	1992
Sales			
1st Quarter	\$2,174.7	\$2,114.9	\$1,938.0
2nd Quarter	2,330.1	2,161.4	2,119.8
3rd Quarter	3,091.1	2,893.0	2,812.8
4th Quarter	2,404.0	2,186.8	2,391.0
	<u>\$9,999.9</u>	<u>\$9,356.1</u>	<u>\$9,261.6</u>
Operating Income			
1st Quarter	\$ 49.5	\$ 39.8	\$ 37.9
2nd Quarter	61.4	48.0	44.7
3rd Quarter	75.7	55.5	53.1
4th Quarter	85.7	57.1	57.4
	<u>\$ 272.3</u>	<u>\$ 200.4</u>	<u>\$ 193.1</u>
Interest Expense			
1st Quarter	\$ 14.8	\$ 10.5	\$ 13.2
2nd Quarter	12.7	9.6	13.9
3rd Quarter	19.6	16.3	18.0
4th Quarter	15.0	14.9	13.1
	<u>\$ 62.1</u>	<u>\$ 51.3</u>	<u>\$ 58.2</u>
Net Earnings			
1st Quarter	\$ 21.4	\$ 18.6	\$ 16.5
2nd Quarter	29.4	24.3	10.8
3rd Quarter	33.5	24.4	23.7
4th Quarter	42.4	26.1	28.8
	<u>\$ 126.7</u>	<u>\$ 93.4</u>	<u>\$ 79.8</u>
Net Earnings Per Common Share (in dollars)			
1st Quarter	\$.26	\$.21	\$.18
2nd Quarter	.35	.28	.11
3rd Quarter	.39	.27	.26
4th Quarter	.51	.31	.33
	<u>\$ 1.51</u>	<u>\$ 1.07</u>	<u>\$.88</u>

ELEVEN YEAR SUMMARY

Earnings Statement

(\$ millions)	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
Sales	10,000	9,356	9,262	8,533	8,417	7,934	8,308	8,631	7,839	6,931	6,419
Trading profit *	410	326	313	328	324	295	260	290	249	225	205
Depreciation	135	123	116	105	105	100	98	100	86	73	67
Operating income	272	200	193	219	215	191	160	190	163	152	138
Interest	62	51	58	57	64	80	74	64	45	36	29
Income taxes	83	56	45	57	55	39	19	48	39	45	45
Minority interest						2	4	4	5	4	3
Earnings before extraordinary items	127	93	80	105	96	70	41	74	74	67	61
Extraordinary items							(15)				3
Net earnings	127	93	80	105	96	70	26	74	74	67	64

Return on Sales (percent)

Operating income	2.7	2.1	2.1	2.6	2.5	2.4	1.9	2.2	2.1	2.2	2.1
Trading profit	4.1	3.5	3.4	3.8	3.8	3.7	3.1	3.4	3.2	3.2	3.2
Earnings before income taxes	2.1	1.6	1.3	1.9	1.8	1.4	.8	1.5	1.5	1.7	1.7
Net earnings	1.3	1.0	.9	1.2	1.1	.9	.3	.9	.9	1.0	1.0
Cash flow from operations	3.3	3.0	3.0	2.6	3.0	2.9	1.7	1.8	2.4	1.8	.8

Cash Flow

(\$ millions)	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
Cash flow from operations	329	282	273	221	249	230	145	156	185	123	52
Purchase of fixed assets	339	315	198	159	171	166	192	248	290	193	150
Net cash in (out) before financing and dividends	4	(58)	59	67	109	32	68	(124)	(137)	(80)	(69)

* Trading profit is defined as operating income before depreciation and amortization (EBITDA).

ELEVEN YEAR SUMMARY

Financial Position

(\$ millions)	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
Current assets	1,118	1,117	1,052	1,050	807	761	765	983	940	753	624
Current liabilities	1,089	969	868	787	756	727	684	843	739	627	495
Working capital	30	148	184	263	51	34	81	140	201	126	129
Fixed assets (net)	1,603	1,414	1,231	1,115	1,078	1,044	1,052	1,057	932	688	577
Total assets	2,947	2,743	2,474	2,362	2,102	2,040	2,004	2,214	1,978	1,530	1,264
Long term debt	723	760	578	594	473	541	559	588	518	342	251
Total debt	723	760	578	594	473	549	623	686	569	390	283
Retained earnings	783	684	618	568	499	434	390	396	348	295	245
Shareholders' equity	1,122	1,003	972	941	812	746	651	690	655	521	466
Average capital employed	1,863	1,712	1,609	1,479	1,360	1,379	1,433	1,393	1,141	893	761

Ratios*

	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
Earnings Ratios** (percent)											
Return on common equity	12.5	9.7	8.8	13.4	14.6	11.7	5.9	12.5	14.6	15.6	16.3
Return on capital employed	16.9	13.7	14.0	16.4	16.1	14.1	11.4	14.2	14.8	17.1	18.8
Financial Ratios (xx:1)											
Total debt to equity	.45	.46	.38	.36	.54	.70	.92	.95	.75	.75	.59
Cash flow from operations to long term debt	.65	.61	.74	.65	.56	.44	.26	.26	.38	.36	.21
Interest coverage on total debt	4.39	3.91	3.32	3.86	3.35	2.39	2.16	3.00	3.62	4.17	4.72

Per Common Share

(dollars)	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
Net earnings	1.51	1.07	.88	1.17	1.10	.80	.21	.87	.91	.85	.81
Dividends - declared	.26	.24	.24	.23	.20	.20	.20	.195	.175	.155	.135
- year end rate	.28	.24	.24	.24	.20	.20	.20	.20	.18	.16	.14
Book value	12.81	11.37	10.57	9.52	7.99	7.10	6.62	7.12	6.68	5.85	5.09
Price range - high	26	24	20 ¹ / ₂	22 ¹ / ₂	18 ⁷ / ₈	15 ¹ / ₄	13 ¹ / ₈	16 ⁷ / ₈	14	12 ¹ / ₈	9 ³ / ₄
- low	19¹/₂	18 ¹ / ₂	16 ³ / ₈	16 ³ / ₈	13 ⁵ / ₈	10 ¹ / ₄	9 ⁷ / ₈	9	11	8	6 ¹ / ₂
Cash flow from operations ***	4.05	3.44	3.34	2.70	3.21	3.02	1.85	2.01	2.47	1.63	.64

* For purposes of calculating financial ratios, debt is reduced by cash and short term investments.

** Earnings ratios have been computed as follows:

Return on common equity - Earnings before extraordinary items less preferred dividends divided by average common share capital, retained earnings, foreign currency translation adjustment and the applicable portion of contributed surplus.

Return on capital employed - Operating income divided by average total assets (less cash and short term investments) less non-interest bearing liabilities.

*** Cash flow from operations per common share is after preferred dividends.

ELEVEN YEAR SUMMARY

Segmented Information

(\$ millions)	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
Sales											
Eastern Canada	5,601	5,136	4,840	4,326	4,212	3,988	3,705	3,601	3,067	2,780	2,692
Western Canada	2,879	2,863	2,999	2,908	2,892	2,650	2,340	2,088	2,031	1,888	1,702
United States	1,520	1,357	1,423	1,299	1,313	1,296	2,263	2,942	2,741	2,263	2,025
Total	10,000	9,356	9,262	8,533	8,417	7,934	8,308	8,631	7,839	6,931	6,419

Operating Income

Eastern Canada	120	92	63	96	104	90	76	106	74	72	68
Western Canada	112	95	89	82	75	67	56	47	56	45	37
United States	40	13	41	41	36	34	28	37	33	35	33
Total	272	200	193	219	215	191	160	190	163	152	138

Total Assets

Eastern Canada	1,444	1,330	1,149	1,136	1,101	1,082	1,082	1,034	801	653	552
Western Canada	823	739	723	661	635	589	523	460	418	383	325
United States	680	674	602	564	367	369	399	719	759	494	387
Total	2,947	2,743	2,474	2,362	2,102	2,040	2,004	2,214	1,978	1,530	1,264

Purchase of Fixed Assets

Eastern Canada	216	178	91	84	101	88	95	152	157	91	61
Western Canada	65	82	84	54	51	64	59	24	41	47	40
United States	58	55	23	21	19	14	38	72	92	55	49
Total	339	315	198	159	171	166	192	248	290	193	150

Eastern Canada**National Grocers Co. Ltd.**

David M. Williams
Executive Vice President
Loblaw Companies Limited
6 Monogram Place
Weston, Ontario M9R 4C4

RETAIL

Loblaws Supermarkets

John Lederer
22 St. Clair Avenue East, Suite 801
Toronto, Ontario M4T 2S5

Zehrmart

Grant J. Heimpel
100 Holiday Inn Drive
Cambridge (H), Ontario N3C 3K1

Amalco Foods

Brad Weston
P.O. Box 13790
St. John's
Newfoundland A1B 4G3

WHOLESALE

Franchised Independent Programs:

Your Independent Grocer, valu-mart and Mr. Grocer

Kevin Ryan
6 Monogram Place
Weston, Ontario M9R 4C4

no frills

Paul Ormsby
6220A Yonge Street
North York, Ontario M2M 3X4

Fortinos

Vince Scornaienchi
90 Glover Road
Hamilton, Ontario L8N 4G1

Atlantic Wholesalers

Tom Cogswell
Summit Park I
120 Eileen Stubbs Avenue
Dartmouth, Nova Scotia B3B 1Y1

Western Canada**Westfair Foods Ltd. and Kelly, Douglas & Company**

Serge K. Darkazanli,
Executive Vice President
Loblaw Companies Limited
3225-12th Street N.E.
Calgary, Alberta T2E 7S9

RETAIL

The Real Canadian Superstore

Tom Fraser
3225-12th Street N.E.
Calgary, Alberta T2E 7S9

OK! Economy

Fred Freeman
2174 Airport Drive
Saskatoon, Saskatchewan S7E 6M6

WHOLESALE

Franchised Independent Programs:

Extra Foods

Dave De Luca
3189 Grandview Highway
Vancouver, B.C. V5M 2E9

SuperValu and Shop Easy Foods

Jim Courtney
3225-12th Street N.E.
Calgary, Alberta T2E 7S9

Wholesale Independent Program:

Doug Cathro
3225-12th Street N.E.
Calgary, Alberta T2E 7S9

Loblaw Brands Limited

John W. Thompson
Executive Vice President
Loblaw Companies Limited
22 St. Clair Avenue East
Suite 1800
Toronto, Ontario M4T 2S8

- Negotiates product supply terms and arrangements with national brand manufacturers.
- Develops, sources, designs, tests and markets corporate brand products including President's Choice™, no name™, "TOO GOOD TO BE TRUE!"™, G•R•E•E•N™, as well as the various "house brands" that are unique to each operational segment.
- Markets the line of President's Choice™ products into select United States supermarket chains.
- Provides product development, sourcing and testing services to select international companies for their own corporate brands.

Retail divisions operate corporately owned supermarkets.

Wholesale divisions supply a full line of national brand products and a variable line of corporate brand products (depending on the store type) to franchised independent stores and independent customers.

Loblaw Companies Limited

Directors

W. Galen Weston, oc
Chairman and President,
George Weston Limited

Richard J. Currie
President,
Loblaw Companies Limited

Camilla Dalglish
Corporate Director

Robert J. Dart*
President,
Wittington Investments, Limited

Sheldon V. Durtsche*
Corporate Director

Robert H. Kidd*
Senior Vice President and
Chief Financial Officer,
George Weston Limited

Roger A. Lindsay
Executive Vice President and
Secretary-Treasurer,
Wittington Investments, Limited

G. Joseph Reddington
Chairman and
Chief Executive Officer,
The Signature Group

Arthur H. Mingay*
Corporate Director

Shirley E. Robertson
Corporate Director

T. Iain Ronald*
Corporate Director

*member – Audit Committee

Corporate Officers

W. Galen Weston, oc
Chairman of the Board

Richard J. Currie
President

David K. Bragg
Executive Vice President

Serge K. Darkazanli
Executive Vice President

Harold A. Seitz
Executive Vice President

John W. Thompson
Executive Vice President

David M. Williams
Executive Vice President

Stewart E. Green
Senior Vice President
and Secretary

Donald G. Reid
Senior Vice President,
Finance

Stephen A. Smith
Senior Vice President,
Controller

Roy R. Conliffe
Vice President,
Labour Relations

Manny Di Filippo
Vice President,
Systems and Control

Louise M. Lacchin
Vice President, Treasurer

Glenn D. Leroux
Vice President,
Risk Management

John N. McCullough
Vice President,
General Counsel

Richard P. Mavrinac
Vice President, Taxation

George D. Seslija
Vice President,
Real Estate Development

Ann Marie Yamamoto
Vice President,
Information Technologies
and Systems Audit

Barbara T. Cook
Assistant Controller

Franca Smith
Assistant Controller

Robert A. Balcom
Assistant Secretary,
Legal Counsel

Marian M. Burrows
Assistant Secretary

The average age and years of service of
the Officers and operating Presidents are
45 and 15 years respectively.

SHAREHOLDER INFORMATION

Executive Offices

22 St. Clair Avenue East
Toronto, Canada
M4T 2S8
Tel: (416) 922-8500
Fax: (416) 922-7791

Stock Listings

Toronto, Montreal and
Vancouver Stock Exchanges

Share Symbol - "L"

Common Shares Outstanding

70 percent of the common shares are owned by
George Weston Limited.

Total outstanding	79,821,346
Shares available for public trading	24,062,396

Average Daily Trading Volume	54,500
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Dividend Policy

It is the Company's policy to maintain a stable dividend
payment of approximately 20 percent of the prior year's
earnings per common share.

Common Dividend Payment Dates

April 1
July 1
October 1
December 30

Value of Common Shares

December 22, 1971 (Valuation Day)	\$2.875
February 22, 1994	\$23.00

Investor Relations

Copies of the Company's Annual Information Form filed
with regulatory authorities and additional copies of this
Annual Report may be obtained from the Secretary upon
specific request.

Other information requests should be directed to
Mr. Donald G. Reid, Senior Vice President, Finance.

Transfer Agent and Registrar

The R-M Trust Company
Toronto, Montreal,
Vancouver, Winnipeg,
Calgary, Regina, Halifax

General Counsel

Borden & Elliot
Toronto, Canada

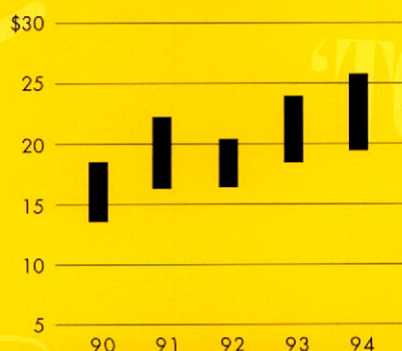
Auditors

KPMG Peat Marwick Thorne
Toronto, Canada

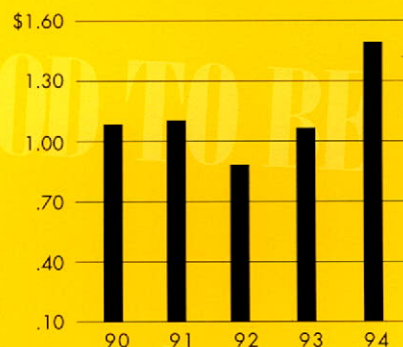
Annual General Meeting

April 26, 1995 at 11:00 a.m.
The Westin Harbour Castle
Frontenac Ballroom
1 Harbour Square
Toronto, Canada

COMMON SHARE
PRICE RANGE
(dollars)



EARNINGS PER SHARE
(dollars)



Materials in this report are environmentally friendly.
All papers used contain 50 percent recycled waste
including a minimum 10 percent post-consumer fibre.

Loblaw Companies Limited supports the IMAGINE
campaign to promote public awareness of charitable
giving and volunteering.



